

CORRECTED FISCAL NOTE

HB 3106 - SB 3659

March 3, 2008

SUMMARY OF BILL: Changes the point of taxation on gasoline, fuel alcohol, and substitutes from when the product first comes to rest in the state to measuring the taxable gallons removed, other than through a bulk transfer, from the bulk transfer/terminal system or from a qualified terminal or refinery. Requires all gasoline, fuel alcohol, and substitutes to be measured and levied in the same manner as diesel fuel.

ESTIMATED FISCAL IMPACT:

On February 15, 2008, we issued a fiscal note for this bill indicating a one-time decrease of state revenue up to \$10,000,000 and a one-time increase of state expenditures of \$100,000 for computer and software modifications. Based on new information received, the fiscal impact of this bill is estimated as follows:

(CORRECTED)

Increase State Expenditures - \$100,000/One-Time

Decrease State Revenue – Up to \$10,000,000/One-Time/FY07-08

Increase State Revenue – Up to \$10,000,000/One-Time/FY08-09

Other Fiscal Impact – This bill will cause a one-time postponement of gasoline tax revenue collections. It is estimated that the time of postponement will not exceed 120 calendar days.

Assumptions:

- According to the Department of Revenue (DOR), the fiscal impact of this bill is dependent upon how gasoline, fuel alcohol, and substitutes already inventoried at terminals within the state would be handled.
- DOR indicates that the state would either have to issue one-time refunds or one-time tax credits on fuel for which the tax has already been levied and the taxpayer has paid such tax.
- DOR indicates that the extent of any refunds or tax credits is unknown and dependent upon several unknown factors, but is reasonably estimated to be an amount up to \$10,000,000.

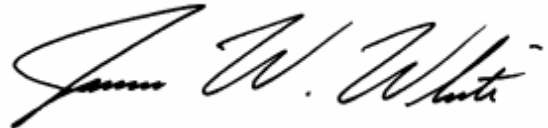
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- Any one-time decrease of state tax revenue resulting from required tax refunds or credits will eventually be offset by an equal increase of state revenue when the tax is subsequently levied. In effect, this bill delays the collection of the gasoline tax for an indefinite period of time. Given the effective date of this bill, any required tax refunds or tax credits given will accrue to FY07-08. The offsetting increase of state revenue will occur when the tax is subsequently levied in FY08-09.
- Gasoline tax revenue is apportioned as follows: 60.0 percent to the Highway Fund; 12.7 percent to municipalities; 25.5 percent to counties; and 1.8 percent to the General Fund.
- There would be a one-time increase to state expenditures for computer and software changes estimated to be \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc